

## PROHIBITED REFERRALS

**Payment for Referrals is Illegal** - §650 of the Business & Professions Code specifies:

. . . **the offer, delivery, receipt, or acceptance** by any person licensed under this division **of any rebate, refund, commission, preference, patronage dividend, discount, or other consideration, whether in the form of money or otherwise, as compensation or inducement for referring patients**, clients, or customers to any person, irrespective of any membership, proprietary interest or co ownership in or with any person to whom these patients, clients, or customers are referred **is unlawful**. . . .

. . . it shall not be unlawful . . . to refer a person to any laboratory, pharmacy, clinic . . . or health care facility solely because the licensee has a proprietary interest or coownership . . . , *provided* . . . that the licensee's return on investment . . . shall be based upon the amount of the capital investment or proportional ownership . . . which . . . is not based on the number or value of any patients referred. Any referral excepted under this section shall be unlawful if the prosecutor proves that there was no valid medical need for the referral.

**Prohibited Referrals: Financial Interests** - §650.01, states:

(a) *Notwithstanding Section 650 . . . , it is unlawful* for a licensee to refer a person for laboratory, diagnostic nuclear medicine, radiation, oncology, physical therapy, physical rehabilitation, psychometric testing, home infusion therapy, or diagnostic imaging goods or services **if the licensee or his or her immediate family has a financial interest** . . . .

(f) A licensee who refers a person to, or seeks consultation from, an organization in which the licensee has a financial interest, other than as prohibited by subdivision (a), shall disclose the financial interest to the patient . . . in writing, at the time of the referral. . . .

**Prohibited Referrals and Billings** - §654.2 says:

(a) It is unlawful . . . to charge, bill, or otherwise solicit payment from a patient on behalf of, or refer a patient to, an organization in which the licensee, or the licensee's immediate family, has *a significant beneficial interest*, unless the licensee first discloses in writing to the patient, that there is such an interest and advises the patient that the patient may choose any organization . . . .

**Information on the Law** - Act at all times like a professional. Before entering into a questionable business practice, order a copy of the state law book. To obtain a copy of the State Law Book for Medicine published by LexisNexis, contact LexisNexis at (800) 223-1940 or online at <http://bookstore.lexis.com/bookstore/product/56919.html>. Be sure to read all pertinent sections. You may also call the board, consult with your attorney, and seek guidance from the California Podiatric Medical Association. Unprofessional conduct is grounds for disciplinary action against your license (citation and fine, probation, suspension, or even revocation) as well as criminal prosecution.